

# U.S. REPRESENTATIVE RON LEWIS

## STAYING IN TOUCH:

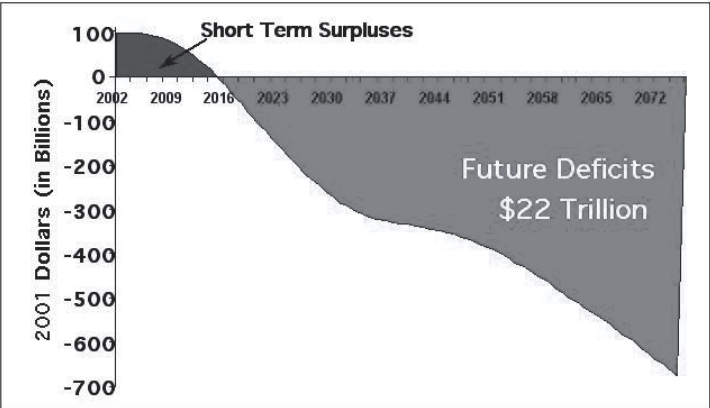
### Social Security, Medicare and Veterans Update

## Social Security's Future Needs Attention Now

The Social Security trustees have just submitted their annual report to Congress. Just as it has in recent years, the report repeats a familiar message: we need to plan for Social Security's future now.

This non-partisan report tells us Social Security is currently financially sound because it collects more in payroll taxes than it pays out in benefits. In about 15 years from now, however, that will no longer be the case. At that time we will have to rely on the Social Security surplus in order to make full benefit payments. While the surplus will help us meet our commitment for several years, it will not be enough to provide long-term solvency, as you can see in the above graph.

### Social Security's Financial Picture



Source: 2001 Trustees' Annual Report

Why is this the case? As the large “baby-boomer” generation begins to retire and as people continue to live longer, the population of older Americans will become greater than the population of younger people. This pay-as-you-go program worked when Social Security was established in 1935. When Social Security started, there were 42 workers sending in payroll taxes for each person receiving benefits. In 2000, only three workers were paying in for every beneficiary. It would be irresponsible to ignore the effects this change in the population is having on Social Security. When the surplus funds run out, the payroll taxes coming in from workers at that time will only be enough to provide full benefits to about three-fourths of the retirees.

What can Congress do about this situation? We know the answers are not going to be easy, but something needs to be done soon. No one wants to decrease benefits or increase taxes. Unless we change Social Security for the future, the next generation will have to either pay huge payroll taxes or receive only minimal benefits in order to keep the program going. My parents depend on Social Security, and I know they want the program to be available to their grandchildren some day. Social Security has served our nation for more than 60 years, and we want it to continue.

Finding a solution to help tomorrow's Social Security recipients and taxpayers will also require an honest debate. It will require that Republicans and Democrats work together. I am disappointed in some of my colleagues who have refused to accept the facts about the program's future. Social Security is too important to retirement security to ignore these pressing concerns.

I am pleased President Bush has advanced this discussion. As Congress also studies options to strengthen Social Security, we want to assure today's recipients that their benefits will not be impacted. This winter, the House of Representatives passed a resolution to express our commitment to Social Security. Social Security is critical to Kentucky workers and their families. We do not want to change that commitment.

I serve on the Social Security Subcommittee, and welcome your input on the program's future. This year we will be considering options to make Social Security financially secure for years to come. I believe we can do that without decreasing benefits or increasing taxes. We can also do so without negatively impacting today's beneficiaries. We can not wait to make changes to Social Security. We need to act now to prevent other needs from being shortchanged and to keep in place the retirement security system that has served us well over the years.

## Lewis Supports Bills To Help Retired Government Employees

A number of retired Second District residents have expressed concern regarding the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). These measures were enacted in 1977 and 1983 in attempt by the Social Security Administration to provide fair benefits to workers who paid into Social Security but paid into other government retirement programs as well. Many people who worked for the federal, state or local government, or whose spouse did, are impacted by the GPO and WEP today.

In the view of many, the Social Security Administration's attempt at fairness has not been successful. I have cospon-

sored two bills that address these concerns, one that changes the GPO and one that reforms the WEP. I support finding remedies for these situations in the context of overall Social Security reform, which will likely be the best opportunity to correct these issues.

Government retirees have also requested that their share of health insurance premiums be paid out of pre-tax annuity and retirement earnings. Laws have been changed recently to allow current federal employees to pay their health premiums from pre-tax earnings. This should also be extended to retirees. I have cosponsored legislation, H.R. 2125, that makes this change.

# Modernizing Medicare to Meet Your Needs Better

As Congress works on the federal budget for the coming year, we will focus on homeland security, defense and the war on terrorism. However, we also know our domestic programs need attention.

Modernizing Medicare so that it provides the coverage today's beneficiaries need is one matter that will certainly continue to receive attention this year. However, the Congressional Budget Office, the Secretary of the Treasury and other witnesses in Ways and Means Committee hearings have told us that without changing the way Medicare does business, we will not be able to afford a quality prescription drug benefit that all seniors should have the option of receiving.

We need to take the time to enact a prescription drug benefit that is meaningful for seniors. **In our budget, Congress has set aside \$350 billion to improve Medicare and build a solid plan to serve beneficiaries for years to come.**

I am encouraged by the president's commitment to work with Congress this year to craft a plan that will provide effective coverage. Until a full benefit is offered, President Bush has proposed a prescription drug card program

endorsed by Medicare to lower the cost of prescriptions seniors are now paying, often at full retail cost.

Even if Congress enacts a full prescription benefit this year, administering the program will take time. **The president's drug card proposal could fill that gap and help provide lower prices from drug makers now.** While the drug card details are still forthcoming, I support his effort to provide immediate drug discounts to those who need it most.

With more than a quarter of seniors purchasing Medigap insurance, we are also looking to improve the available plans. President Bush has proposed adding two new Medigap options this year that will offer more affordable drug coverage.

When working toward Medicare reform, we must ensure current benefits are not cut in any way. I

also believe prescription drug coverage for Medicare should be optional. **Congress should not force those seniors who may have a better prescription drug plan through their retirement, private insurance or other coverage options into a lesser plan.**

As Congress works on Medicare issues, including prescription coverage, **I hope to hear from you and get your views on how the program can best serve you.**

## New Drug Maker Discounts

A number of prescription drug makers have recently announced programs that provide discounts on their prescription drugs to low-income seniors without drug coverage. My office or Medicare can provide information about applying for these programs.

**Medicare:** 1-800-MEDICARE  
[www.medicare.gov/Prescription/Home.asp](http://www.medicare.gov/Prescription/Home.asp)

**Rep. Lewis' Constituent Services:**  
1-800-367-6676

## Veterans Health and Benefits

The House of Representatives budget proposes several improvements to veterans benefits and health care:

**Concurrent Receipt:** Current benefit laws require military retiree pensions to be lowered by the amount of disability compensation received. Veterans who were disabled in service should not be penalized for serving through retirement. The budget contains funds to increase retirement benefits a retiree can collect without an offset taken from the retirees' veterans disability compensation.

**Health Care:** The budget includes \$23.9 billion for VA medical care, an increase of \$2.6 billion. The increased funding will ensure veterans receive the high-quality health care and accurate and timely benefits they earned.

## Retirement Savings Security

You worked hard and invested in your work's retirement plan. You want your retirement funds to be safe, but don't want excessive regulation. While the Enron bankruptcy was an isolated incident, it has increased the attention workers pay to their retirement investments.

In the Ways and Means Committee, I recently supported the Employee Retirement Savings Bill of Rights that addresses the following issues. The full House of Representatives should vote on and pass this legislation soon.

**Disclosure:** Advance notice of black-out periods on employee stock sales helps with financial planning

**Advice:** Increases employee access to professional retirement planning services and investment education

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